

SUMMARY

Through the Federal Family Education Loan (FFEL) Program, the United States government has given a great number of students the opportunity to participate in educational programs that might otherwise be beyond their means by offering low interest loans.

In order to assist in making these funds available and keeping the rates low, the U.S. Department of Education (USDE) compensates participating lenders with interest benefits and special allowance. Lenders request these payments and report on the status of their loan portfolios each quarter using a report called ED Form 799, or Lender's Interest and Special Allowance Request and Report. The Ed Form 799 consists of six parts to be completed by the lender for each quarter within 90 days of the quarter's end. If the lender fails to submit an ED Form 799 for two consecutive quarters, then the USDE may deactivate the lender's eligibility to participate in the FFELP. If the lender submits an ED Form 799 that is rejected due to errors or incomplete data and fails to correct and resubmit the form, then the lender may also be deactivated. Failure to submit any part of ED Form 799 will result in the rejection of the entire form. Instructions for completion of each part are provided on the back of the previous part, except for instructions for Part I, which are found on the back of Part VI.

PART I: *Identification and Certification.* This part is very self-explanatory. It has all the needed lending institution information, as well as a section for certification from the authorized person at your institution.

PART II: *Loan Origination and Lender Loan Fees.* This part is used to calculate and report the amount of loan origination and lender fees due to the USDE on all new disbursements of Federal Stafford Loans (subsidized and unsubsidized), and Federal PLUS loans. Adjustments may also be made to disbursements reported in a prior quarter.

If, for some reason, a lender is unable to submit an accurate ED Form 799 in a timely fashion, but wishes to pay origination fees in order to avoid deactivation, call the USDE Lender Reporting Team at (202) 708-9776 for further instructions.

PART III: *Interest Benefits.* This is the section in which the lender tells the USDE how much to pay the lending institution for the interest benefits (benefits occur for subsidized Federal Stafford Loans while the borrower is in school at least half-time, in grace, and in authorized deferment). Adjustments to prior quarters may also be made.

PART IV: *Special Allowance.* Special allowance is paid on all loans to achieve a current market rate. Part IV must be completed, even though the lender may be claiming no special allowance due for the quarter. Adjustments to prior quarters may also be made.

PART V: *Changes in Guaranteed Loan Principal for the Quarter.* This section is used to report changes which have occurred to the guaranteed loan principal in the lender's portfolio. This may change due to capitalized interest, loans purchased or sold, claims paid, or principal paid by borrowers. Uninsured loans must be reported under Part V, Line 9 - Principal of loans on which the guarantee was voided. Lenders must maintain detailed documentation, which permits reconstruction of the entry at the loan level to support the principal amount of uninsured loans reported here. The lender is not entitled to interest benefits or special allowance on uninsured loans from the date of the earliest unexcused violation.

PART VI: *Guaranteed Loan Portfolio Analysis for End of Quarter.* This section gives the USDE an overview of your entire student portfolio. It will tell the USDE the principal amounts of loans in school, grace, deferment, repayment, and forbearance.

INTEREST BENEFITS

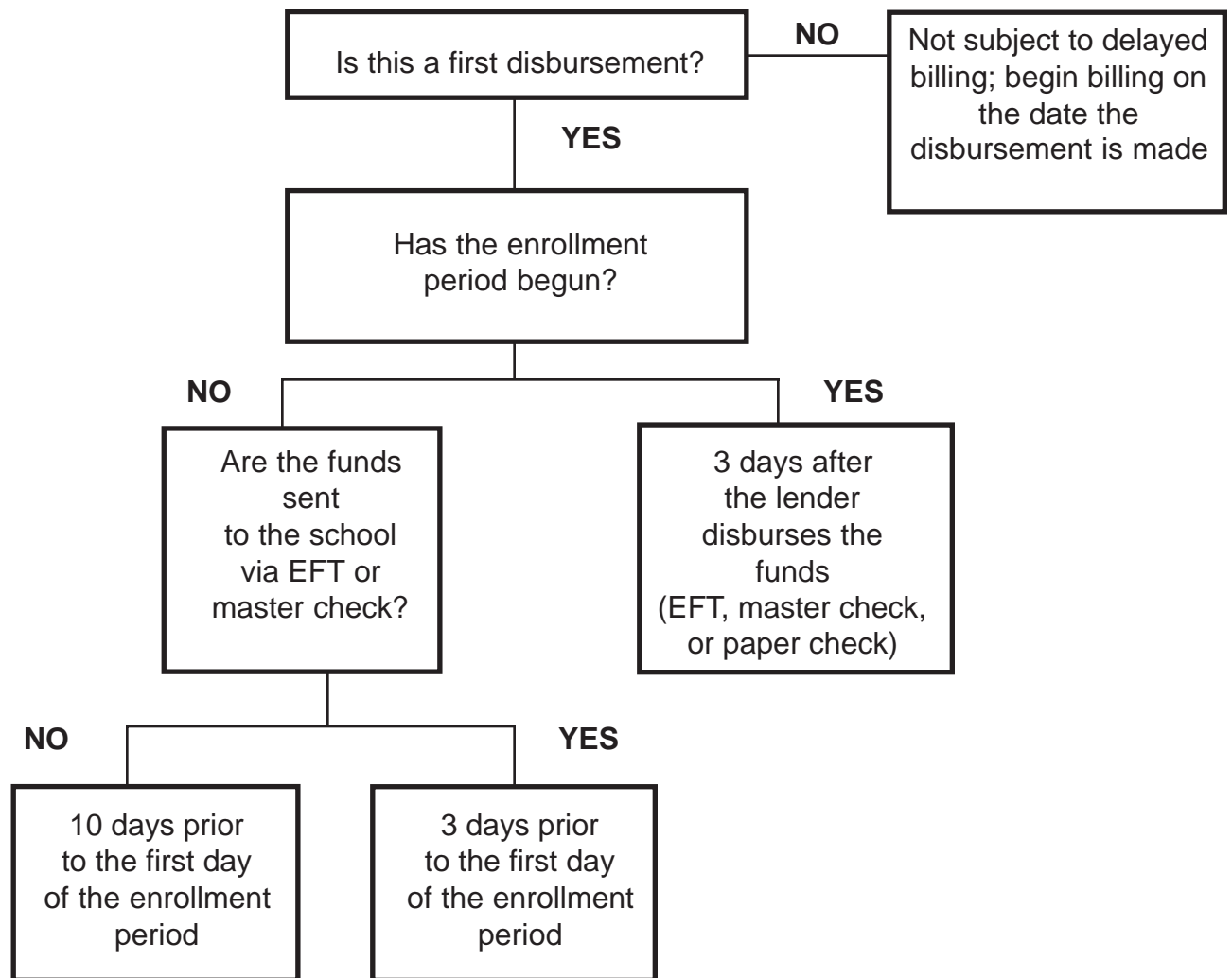
Interest begins to accrue on the first disbursement of each Federal Stafford Loan three days from the date the lender first disburses funds on the loan. Subsequent disbursements may earn interest on the day they are disbursed. The federal government pays interest for all eligible borrowers during:

1. The interim period while the borrower is in school or on a normal school vacation
2. The grace period immediately after the student's last date of attendance
3. Authorized deferment periods
4. Any applicable post deferment grace periods for which the borrower is eligible

However, the absolute earliest date a lender could begin billing for interest benefits on the ED Form 799 is:

- Three days prior to the first day of the enrollment period for borrowers receiving funds via electronic funds transfer (EFT) or master check, or
- Ten days prior to the first day of the enrollment period for borrowers receiving funds via paper check.

THE EARLIEST A LENDER MAY BILL FOR INTEREST BENEFITS



UNCONSUMMATED LOANS

The lender must refund interest and special allowance to the U.S. Department of Education when a loan is unconsummated.

Definition:

The loan check is returned uncashed.

OR

Notification is received that electronic funds transfer (EFT) delivery has not occurred.

OR

Funds are not negotiated by day 120 after disbursement (e.g., a check is lost).

This provision affects:

- Part II of ED Form 799 (origination fees) for subsidized Federal Stafford Loans, unsubsidized Federal Stafford Loans, and Federal Parent Loans for Undergraduate Students (PLUS) loans
- Part III of ED Form 799 (interest benefits) for subsidized Federal Stafford Loans
- Part IV of ED Form 799 (special allowance) for subsidized Federal Stafford Loans, unsubsidized Federal Stafford Loans, Federal PLUS loans, and Federal Supplemental Loans for Students (SLS) loans (if applicable)
- Part V of ED Form 799 (principal changes) for all loan types

Example

School scheduled disbursement date = March 23, 1999

Loan period begins April 12, 1999

Subsidized Federal Stafford Loan funds are disbursed by paper check

- a. The lender would disburse March 23, 1999 and begin billing for special allowance.
- b. The lender would begin billing interest benefits: April 2, 1999 (10 days prior to the first day of the enrollment period).
- c. Origination and lender fees would be paid on ED Form 799 for the first quarter of 1999. Special allowance billing would also begin.
- d. Billing for interest benefits would begin on ED Form 799 for the second quarter of 1999.

When the loan enters repayment status, the borrower is responsible for paying the interest on the loan to the lender. Therefore, the lender must cease billing interest benefits.

The federal government's obligation to pay interest on a subsidized Federal Stafford Loan and special allowance on any Federal Family Education Loan (FFEL) Program loan terminates upon any of the following:

1. The date the borrower's loan is paid in full
2. For a default claim, see the timely filing section page 171 of this guide
3. The date the borrower's loan is discharged by a bankruptcy court
4. The date a death or disability claim is paid. If filed untimely, interest paid will be limited to 60 days plus claim processing time
5. The date the loan ceases to be guaranteed or ceases to be eligible for reinsurance under this part, regardless of whether the lender has filed a claim for loss on the loan with the guarantor

ED FORM 799
LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT

Part I	Identification and Certification		
Field	Field Name	Field Description	Formula
1	LID, Lender Name, and Address	Lender's demographic information. The lender identification number (LID) is the six-digit code assigned by DE to each participating lender	
2	Servicer Name and Address	Servicer's demographic information, if the form is completed by a servicer	
3	Employer Identification Number (EIN)	The nine-digit code assigned to the lender by the IRS	
4	Routing Number	The nine-digit routing number used by the U.S. Treasury to make EFT payments to the lender. Optional. If left blank, DE will pay the lender via check	
5	Account Number for Deposit	Number used by the facility receiving the lender's payment sent by DE. Optional. If left blank, DE will pay the lender via check	
6	Quarter Ending	Indicates for which quarter the lender is filing the ED Form 799	
7	Signature	Certification of the lender that the information reported is correct and that supporting documentation is subject to review. An original signature is required; signature stamps are not permitted	
8	Date	Date Field 7 is signed	
9	Typed Name and Title	Typed/printed name and title of official signing the form	
10	Contact Name	Person who can answer questions from DE about the ED Form 799	
11	Contact Telephone Number	Phone number of person listed in Field 10	

ED FORM 799

LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT

Part II	Loan Origination and Lender Loan Fees		
Column	Column Name	Column Description	Formula
A	Loan Type	Two-digit loan type code	
B	Fee Percent	Decimal used to calculate fee amount	
C	Fee Code	Two-digit fee code	
D	Loan Interest Rate	Loan interest rate code	
E	Principal Amount of Loan	Total principal amount of loans for each group	
F	Fee Due	Amount of fees owed. Optional. If left blank, DE will calculate	Column B x Column E

CODES

212

Loan Types

TG Subsidized Federal Stafford Loans
 TS Federal SLS loans
 TP Federal PLUS loans
 TC Federal Consolidation Loans
 TU Unsubsidized Federal Stafford Loans

Origination Fee Codes

FN Origination fees owed for new loans made in the quarter
 FS Origination fees owed by the purchaser of loans made and sold in the quarter
 FB Origination fees owed for loans bought in the quarter
 FI Origination fees owed as a result of a net increase in loans made or bought as reported for a previous quarter
 FD Origination fees due the lender as a result of a net decrease in loans made or bought as reported for a previous quarter

Lender Fee Codes

LN Lender fees owed for new loans made in the quarter
 LS Lender fees owed by the purchaser of loans made and sold in the quarter
 LB Lender fees owed for loans bought in the quarter
 LI Lender fees owed as a result of a net increase in loans made or bought as reported for a previous quarter
 LD Lender fees due the lender as a result of a net decrease in loans made or bought as reported for a previous quarter

Loan Interest Rates

EVAR Federal Stafford Loans made to new borrowers on/after 10/1/92 and all Federal PLUS and Federal SLS loans made on/after 10/1/92
 FVAR7 Converted fixed rate loans of 7 percent
 FVAR8 Converted fixed rate loans of 8 percent
 FVAR9 Converted fixed rate loans of 9 percent
 FVAR10 Converted 8/10 fixed rate loans

ED FORM 799
LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT

Part III	Interest Benefits		
Column	Column Name	Column Description	Formula
A	Loan Type	Two-digit loan type code	
B	Interest Rate	Actual interest rate for each group of loans rounded to the fourth decimal place	
C	Billing Code	Two-digit billing code	
D	Ending Principal Balance	Total principal balance outstanding on all eligible loans in the group as of the last day of the quarter	
E	Average Daily Principal Balance	Average of the daily principal balances for the quarter of all eligible loans in the group	Add the outstanding principal balance of all eligible loans for each day in the quarter and divide by the number of days in the quarter.
F	Interest Amount	Amount of interest due. Optional. If left blank, DE will calculate	Column B x Column E

CODES

Loan Types

TG Subsidized Federal Stafford Loans
 TC Federal Consolidation Loans

Billing Codes

BC Interest benefits due the lender for the current quarter
 BI Interest benefits due the lender as a result of adjustments leading to a net increase in interest benefits reported for a previous quarter
 BD Interest benefits to be returned to DE as a result of adjustments leading to a net decrease in interest benefits reported for a previous quarter

Interest Rates

.06 Six percent loans
 .07 Seven percent loans
 .08 Eight percent loans
 .09 Nine percent loans
 .10 Ten percent loans

For all other rate loans, and for variable rate loans, enter the actual interest rate.

ED FORM 799
LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT

Part IV	Special Allowance		
Column	Column Name	Column Description	Formula
A	Calendar Year	Last two digits of the year being reported	
B	Quarter Code	One-digit quarter code	
C	Special Allowance Category	Two-digit category code	
D	Loan Type	Two-digit loan type code	
E	Interest Rate	Interest rate code	
F	Billing Code	Two-digit billing code	
G	Ending Principal Balance	Total principal balance outstanding on all eligible loans in the group as of the last day of the quarter	
H	Average Daily Principal Balance	Average of the daily principal balances for the quarter of all eligible loans in the group	Add the outstanding principal balance of all eligible loans for each day in the quarter and divide by the number of days in the quarter.
I	Adjustments for Difference in Average Daily Principal Balance	Difference between what should have been reported and what was originally reported	

CODESLoan Types

TG	Subsidized Federal Stafford Loans
TS	Federal SLS loans
TP	Federal PLUS loans
TC	Federal Consolidation Loans
TU	Unsubsidized Federal Stafford Loans

Quarter Codes

1	March 31
2	June 30
3	September 30
4	December 31

Special Allowance Categories

SA	Loans made before 10/1/81
SB	Loans made on/after 10/1/81 & before 10/17/86 AND loans made on/after 10/17/86 & before 11/16/86 for enrollment beginning before 11/16/86
SC	Used for sequester periods only
SD	Loans made on/after 10/17/86 & before 11/16/86 for enrollment beginning after 11/16/86 AND loans made on/after 11/16/86
SE	Loans made on/after 10/1/92 & before 7/1/94 AND Consolidation Loans made after 7/1/94 AND SLS loans certified before 7/1/94 and disbursed after 7/1/94 for period of enrollment that began before that date and includes that date
SF	Reserved for DE
SG	Federal Stafford Loans made on/after 7/1/94 for period of enrollment that began on/after 7/1/94 or that includes that date AND for PLUS loans made on/after 7/1/94 & before 7/1/98 AND for all Federal Stafford Loans made after 7/1/95 & before 7/1/98 that are in repayment or forbearance

SH	All Federal Stafford Loans made on/after 7/1/95 & before 7/1/98 that are in school, grace, or deferment AND PLUS loans made on/after 7/1/98 & before 10/1/98
SJ	All Federal Stafford Loans made on/after 7/1/98 & before 07/01/03 that are in school, grace, or deferment
SK	All Federal Stafford Loans made on/after 7/1/98 & before 07/01/03 that are in repayment or forbearance

Billing Codes

BC	Special allowance due the lender for the current quarter
BI	Special allowance due the lender as a result of adjustments leading to a net increase in special allowance reported for a previous quarter
BD	Special allowance to be returned to DE as a result of adjustments leading to a net decrease in special allowance reported for a previous quarter

Interest Rates

.07	Seven percent or less loans
.08	Eight percent loans
.09	Nine percent loans
.10	Ten percent loans
.11	Eleven percent loans
.12	Twelve percent loans
.13	Thirteen percent loans
.14	Fourteen percent loans
EVAR	Federal Stafford Loans made to new borrowers on/after 10/1/92 AND for PLUS and SLS loans made on/after 10/1/92
CVAR	Federal PLUS and SLS loans made in 1986-87 where the interest rate changes each January 1
FVAR7	Converted fixed rate loans of 7 percent
FVAR8	Converted fixed rate loans of 8 percent
FVAR9	Converted fixed rate loans of 9 percent
FVAR10	Converted 8/10 fixed rate loans
VAR	All other loans

ED FORM 799

LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT

Part V	Changes in Guaranteed Loan Principal for the Quarter		
Line	Line Name	Line Description	Formula
1	Check if adjustment to prior quarter	Check each box where the Beginning Principal Balance (line 2) for the current quarter is different from the Ending Principal Balance (line 11) from the previous quarter	
2	Beginning Principal Balance	Outstanding principal balance of loans at the start of business on the first day of the quarter	
3	Loan Principal Disbursed	Principal amount of loans disbursed during the quarter. Do not include loans disbursed and canceled within the same quarter	
4	Interest Capitalized or Other Principal Increases	Amount of interest and unpaid insurance premiums that were added to the principal during the quarter	
5	Principal of Loans Purchased	Principal amount of loans purchased from other lenders during the quarter	
6	Principal of Loans Cured	Principal amount of loans on which insurance coverage was reinstated during the quarter	
7	Principal of Loans Sold	Principal amount of loans sold to other lenders during the quarter. Do not include loans paid in full by consolidation	
8	Principal Paid by Insurance Claims	Amount received from the guarantor for principal due to claim payment during the quarter. This includes all claims types	
9	Principal of Loans on which the Guarantee was Voided	Principal amount of loans on which insurance guarantee was voided during the quarter	
10	Principal Paid by Borrowers and Other Principal Reductions	Amount of payments received to reduce principal during the quarter. This includes loans paid in full by consolidation	
11	Ending Principal Balance	Principal balance of outstanding loans at the end of business on the last day of the quarter	Line 2 + Line 3 + Line 4 + Line 5 + Line 6 – Line 7 – Line 8 – Line 9 – Line 10

ED FORM 799
LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT

Part VI	Guaranteed Loan Portfolio Analysis for End of Quarter		
Line	Line Name	Line Description	Formula
1	Loans in School and in Grace	Principal amount of all subsidized and unsubsidized Stafford Loans in an "in school or grace period" status at the end of the quarter	
2	Loans in Authorized Deferment	Principal amount of all loans in a period of authorized deferment at the end of the quarter	
3	Loans in Repayment or Forbearance	Principal amount of all loans in various stages of repayment or forbearance as of the end of the quarter	
3a	Current or less than 31 days past due	Principal amount of all loans that are current or less than 31 days past due	
3b	31-60 days past due	Principal amount of all loans that are 31-60 days past due	
3c	61-90 days past due	Principal amount of all loans that are 61-90 days past due	
3d	91-120 days past due	Principal amount of all loans that are 91-120 days past due	
3e	121-180 days past due	Principal amount of all loans that are 121-180 days past due	
3f	181-270 days past due	Principal amount of all loans that are 181-270 days past due	
3g	271 days or more past due	Principal amount of all loans that are 271 days or more past due	
3h	Claims filed, but not yet paid and not listed above	Principal amount of all loans filed as a claim but not yet paid as of the end of the quarter and not listed above	
4	Ending Principal Balance	Principal balance of outstanding loans at the end of business on the last day of the quarter	Line 1 + Line 2 + Subline 3a + Subline 3b + Subline 3c + Subline 3d + Subline 3e + Subline 3f + Subline 3g + Subline 3h

ED Form 799 Checklist

Entire ED Form 799

- ✓ The LID and page number must appear on every page. Pages should be numbered sequentially.
- ✓ The box at the bottom of the page must be checked if more than one page is used for Parts II, III, or IV.
- ✓ All dollar values must be positive and rounded to the nearest whole dollar, except for Column F in Part III which is rounded to two decimal places.
- ✓ All percentages must be entered in decimal format.
- ✓ If codes are not used for the interest rates, then the lender must enter the interest rate as a decimal. Variable interest rates should be rounded to the fourth decimal.
- ✓ The lender is required to maintain borrower-level detail supporting the submission of every ED Form 799.

Part I

- ✓ All preprinted information must be correct.
- ✓ All fields must be completed.
- ✓ The report submitted must have an original signature.

Part II

- ✓ Columns A, B, C, D, and E must be completed for each line. Column F is optional.
- ✓ There must be an entry for the current quarter for both origination and lender fees even if the principal amount of qualifying loans disbursed during the quarter is zero.
- ✓ Separate line entries are required for each combination of loan type, fee percent, fee code, and interest rate.
- ✓ The total amount reported in Column E (net of adjustments) must match the total amount reported on Line 3 of Part V (excluding Column D for origination fees).

Part III

- ✓ Columns A, B, C, D, and E must be completed for each line with a Billing Code of BC. If Column F is completed, then it should equal Column B times Column E.
- ✓ Columns A, C, and F must be completed for adjustments.
- ✓ Separate line entries are required for each combination of loan type, interest rate, and billing code.
- ✓ The total amount reported in Column D on lines with a Billing Code of BC must match the amount reported on Lines 1 and 2 in Column A of Part VI.

ED Form 799 Checklist

(continued)

Part IV

- ✓ For each line with a Billing Code of BC, all columns must be completed except for Column I.
- ✓ For adjustments, all columns must be completed except for Columns G and H.
- ✓ Separate line entries are required for each combination of calendar year, quarter code, special allowance category, loan type, interest rate, and billing code.
- ✓ The total amount reported in Column G on lines with a Billing Code of BC must match the total amount reported on Line 11 of Part V and the total amount reported on Line 4 of Part VI.

Part V

- ✓ All fields must be completed. A zero should be used where no dollar amount is to be reported.
- ✓ A check mark must appear in Line 1 if any adjustments were made that affected the principal balance outstanding and created a difference between Line 2 of the current quarter and Line 11 of the previous quarter.
- ✓ The total amount reported on Line 3 must match the total amount reported in Column E of Part II (net of adjustments).
- ✓ The total amount reported on Line 11 must match the total amount reported in Column G of Part IV and must match the total amount reported on Line 4 of Part VI.

Part VI

- ✓ All fields must be completed. A zero should be used where no dollar amount is to be reported.
- ✓ The total amount reported on Lines 1 and 2 in Column A should match the total amounts reported in Column D of Part III on lines with a Billing Code of BC.
- ✓ The total amount reported on Line 4 must match the total amount reported in Column G of Part IV and must match the total amount reported on Line 11 of Part V.
- ✓ The total amount reported on Line 4 must match the total outstanding principal balance of guaranteed student loans reported in the lender's general ledger for the last day of the quarter.